SOUTH-WESTERN CENGAGE Learning

Prob. 4–6A

1. and 2. JOURNAL Pages 1 and 2

Date		Description	Post. Ref.	Debit	Credit
2010					
June	1	Cash	11	26,200	
		Accounts Receivable	12	6,000	
		Supplies	14	2,800	
		Office Equipment	18	25,000	
		Emily Page, Capital	31		60,000
	1	Prepaid Rent	15	5,250	
		Cash	11		5,250
	2	Prepaid Insurance	16	2,100	
		Cash	11		2,100
	4	Cash	11	2,700	
		Unearned Fees	23		2,700
	5	Office Equipment	18	5,000	
		Accounts Payable	21		5,000
	6	Cash	11	3,000	
		Accounts Receivable	12		3,000
	10	Miscellaneous Expense	59	200	
		Cash	11		200
	12	Accounts Payable	21	1,000	
		Cash	11		1,000
	12	Accounts Receivable	12	5,100	
		Fees Earned	41		5,100
	14	Salary Expense	51	800	
		Cash	11		800
	17	Cash	11	3,500	
		Fees Earned	41		3,500
	18	Supplies	14	750	
		Cash	11		750
	20	Accounts Receivable	12	1,100	
		Fees Earned	41		1,100
	24	Cash	11	4,150	
		Fees Earned	41		4,150

Prob. 4–6A Continued

1. and 2. **JOURNAL** **Pages 1 and 2**

Date		Description	Post. Ref.	Debit	Credit
2010					
June	26	Cash	11	4,900	
		Accounts Receivable	12		4,900
	27	Salary Expense	51	800	
		Cash	11		800
	29	Miscellaneous Expense	59	150	
		Cash	11		150
	30	Miscellaneous Expense	59	400	
		Cash	11		400
	30	Cash	11	1,500	
		Fees Earned	41		1,500
	30	Accounts Receivable	12	1,000	
		Fees Earned	41		1,000
	30	Emily Page, Drawing	32	8,000	
		Cash	11		8,000

SOUTH-WESTERN CENGAGE Learning

Prob. 4–6A Continued

2., 6., and 9.

Cash **11**

Date		Item	Post. Ref.	Dr.	Cr.	Balance Dr.	Balance Cr.
2010							
June	1	....	1	26,200	....	26,200	....
	1	....	1	....	5,250	20,950	....
	2	....	1	....	2,100	18,850	....
	4	....	1	2,700	....	21,550	....
	6	....	1	3,000	....	24,550	....
	10	....	1	....	200	24,350	....
	12	....	1	....	1,000	23,350	....
	14	....	1	....	800	22,550	....
	17	....	2	3,500	....	26,050	....
	18	....	2	....	750	25,300	....
	24	....	2	4,150	....	29,450	....
	26	....	2	4,900	....	34,350	....
	27	....	2	....	800	33,550	....
	29	....	2	....	150	33,400	....
	30	....	2	....	400	33,000	....
	30	....	2	1,500	....	34,500	....
	30	....	2	....	8,000	26,500	....

Accounts Receivable **12**

Date		Item	Post. Ref.	Dr.	Cr.	Balance Dr.	Balance Cr.
2010							
June	1	....	1	6,000	....	6,000	....
	6	....	1	....	3,000	3,000	....
	12	....	1	5,100	....	8,100	....
	20	....	2	1,100	....	9,200	....
	26	....	2	....	4,900	4,300	....
	30	....	2	1,000	....	5,300	....

Supplies **14**

Date		Item	Post. Ref.	Dr.	Cr.	Balance Dr.	Balance Cr.
2010							
June	1	....	1	2,800	....	2,800	....
	18	....	2	750	....	3,550	....
	30	Adjusting.................	3	....	1,550	2,000	....

Prob. 4–6A Continued

Prepaid Rent 15

Date		Item	Post. Ref.	Dr.	Cr.	Balance Dr.	Balance Cr.
2010							
June	1	....	1	5,250	....	5,250	....
	30	Adjusting................	3	....	1,500	3,750	....

Prepaid Insurance 16

Date		Item	Post. Ref.	Dr.	Cr.	Balance Dr.	Balance Cr.
2010							
June	2	....	1	2,100	....	2,100	....
	30	Adjusting................	3	....	175	1,925	....

Office Equipment 18

Date		Item	Post. Ref.	Dr.	Cr.	Balance Dr.	Balance Cr.
2010							
June	1	....	1	25,000	....	25,000	....
	5	....	1	5,000	....	30,000	....

Accumulated Depreciation 19

Date		Item	Post. Ref.	Dr.	Cr.	Balance Dr.	Balance Cr.
2010							
June	30	Adjusting................	3	....	500	....	500

Accounts Payable 21

Date		Item	Post. Ref.	Dr.	Cr.	Balance Dr.	Balance Cr.
2010							
June	5	....	1	....	5,000	....	5,000
	12	....	1	1,000	....	....	4,000

Salaries Payable 22

Date		Item	Post. Ref.	Dr.	Cr.	Balance Dr.	Balance Cr.
2010							
June	30	Adjusting................	3	....	120	....	120

Unearned Fees 23

Date		Item	Post. Ref.	Dr.	Cr.	Balance Dr.	Balance Cr.
2010							
June	4	....	1	....	2,700	....	2,700
	30	Adjusting................	3	825	....	....	1,875

SOUTH-WESTERN CENGAGE Learning

Prob. 4–6A Continued

Emily Page, Capital — 31

Date		Item	Post. Ref.	Dr.	Cr.	Balance Dr.	Balance Cr.
2010							
June	1		1		60,000		60,000
	30	Closing	4		10,980		70,980
	30	Closing	4	8,000			62,980

Emily Page, Drawing — 32

Date		Item	Post. Ref.	Dr.	Cr.	Balance Dr.	Balance Cr.
2010							
June	30		2	8,000		8,000	
	30	Closing	4		8,000	—	—

Income Summary — 33

Date		Item	Post. Ref.	Dr.	Cr.	Balance Dr.	Balance Cr.
2010							
June	30	Closing	4		17,175		17,175
	30	Closing	4	6,195			10,980
	30	Closing	4	10,980		—	—

Fees Earned — 41

Date		Item	Post. Ref.	Dr.	Cr.	Balance Dr.	Balance Cr.
2010							
June	12		1		5,100		5,100
	17		2		3,500		8,600
	20		2		1,100		9,700
	24		2		4,150		13,850
	30		2		1,500		15,350
	30		2		1,000		16,350
	30	Adjusting	3		825		17,175
	30	Closing	4	17,175		—	—

Salary Expense — 51

Date		Item	Post. Ref.	Dr.	Cr.	Balance Dr.	Balance Cr.
2010							
June	14		1	800		800	
	27		2	800		1,600	
	30	Adjusting	3	120		1,720	
	30	Closing	4		1,720	—	—

Prob. 4–6A Continued

Rent Expense **52**

Date		Item	Post. Ref.	Dr.	Cr.	Balance Dr.	Balance Cr.
2010							
June	30	Adjusting.................	3	1,500	....	1,500	....
	30	Closing....................	4	....	1,500	—	—

Supplies Expense **53**

Date		Item	Post. Ref.	Dr.	Cr.	Balance Dr.	Balance Cr.
2010							
June	30	Adjusting.................	3	1,550	....	1,550	....
	30	Closing....................	4	....	1,550	—	—

Depreciation Expense **54**

Date		Item	Post. Ref.	Dr.	Cr.	Balance Dr.	Balance Cr.
2010							
June	30	Adjusting.................	3	500	....	500	....
	30	Closing....................	4	....	500	—	—

Insurance Expense **55**

Date		Item	Post. Ref.	Dr.	Cr.	Balance Dr.	Balance Cr.
2010							
June	30	Adjusting.................	3	175	....	175	....
	30	Closing....................	4	....	175	—	—

Miscellaneous Expense **59**

Date		Item	Post. Ref.	Dr.	Cr.	Balance Dr.	Balance Cr.
2010							
June	10	....	1	200	....	200	....
	29	....	2	150	....	350	....
	30	....	2	400	....	750	....
	30	Closing....................	4	....	750	—	—

Prob. 4–6A Continued

3.

BOTTOM LINE CONSULTING
Unadjusted Trial Balance
June 30, 2010

	Debit Balances	Credit Balances
Cash	26,500	
Accounts Receivable	5,300	
Supplies	3,550	
Prepaid Rent	5,250	
Prepaid Insurance	2,100	
Office Equipment	30,000	
Accumulated Depreciation		
Accounts Payable		4,000
Salaries Payable		
Unearned Fees		2,700
Emily Page, Capital		60,000
Emily Page, Drawing	8,000	
Fees Earned		16,350
Salary Expense	1,600	
Rent Expense		
Supplies Expense		
Depreciation Expense		
Insurance Expense		
Miscellaneous Expense	750	
	83,050	83,050

Prob. 4–6A Continued

5. Optional (Appendix)

	A	B	C	D	E	F	G	H	I	J	K
			BOTTOM LINE CONSULTING								
			End-of-Period Spreadsheet (Work Sheet)								
			For the Month Ended June 30, 2010								
		Unadjusted Trial Balance		Adjustments		Adjusted Trial Balance		Income Statement		Balance Sheet	
	Account Title	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.	Dr.	Cr.
1	Cash	26,500				26,500				26,500	
2	Accounts Receivable	5,300				5,300				5,300	
3	Supplies	3,550			(b) 1,550	2,000				2,000	
4	Prepaid Rent	5,250			(e) 1,500	3,750				3,750	
5	Prepaid Insurance	2,100			(a) 175	1,925				1,925	
6	Office Equipment	30,000				30,000				30,000	
7	Accum. Depreciation				(c) 500		500				500
8	Accounts Payable		4,000				4,000				4,000
9	Salaries Payable				(d) 120		120				120
10	Unearned Fees		2,700	(f) 825			1,875				1,875
11	Emily Page, Capital		60,000				60,000				60,000
12	Emily Page, Drawing	8,000				8,000				8,000	
13	Fees Earned		16,350		(f) 825		17,175		17,175		
14	Salary Expense	1,600		(d) 120		1,720		1,720			
15	Rent Expense			(e) 1,500		1,500		1,500			
16	Supplies Expense			(b) 1,550		1,550		1,550			
17	Depreciation Expense			(c) 500		500		500			
18	Insurance Expense			(a) 175		175		175			
19	Miscellaneous Expense	750				750		750			
20		83,050	83,050	4,670	4,670	83,670	83,670	6,195	17,175	77,475	66,495
21	Net income							10,980			10,980
22								17,175	17,175	77,475	77,475

Prob. 4–6A Continued

6.		JOURNAL			Page 3
Date			Post. Ref.	Debit	Credit
		Adjusting Entries			
2010					
June	30	Insurance Expense	55	175	
		Prepaid Insurance	16		175
		Insurance expired.			
	30	Supplies Expense	53	1,550	
		Supplies	14		1,550
		Supplies used ($3,550 – $2,000).			
	30	Depreciation Expense	54	500	
		Accumulated Depreciation	19		500
		Equipment depreciation.			
	30	Salary Expense	51	120	
		Salaries Payable	22		120
		Accrued salaries.			
	30	Rent Expense	52	1,500	
		Prepaid Rent	15		1,500
		Rent expired.			
	30	Unearned Fees	23	825	
		Fees Earned	41		825
		Unearned fees earned ($2,700 – $1,875).			

Prob. 4–6A Continued

7.

BOTTOM LINE CONSULTING
Adjusted Trial Balance
June 30, 2010

	Debit Balances	Credit Balances
Cash	26,500	
Accounts Receivable	5,300	
Supplies	2,000	
Prepaid Rent	3,750	
Prepaid Insurance	1,925	
Office Equipment	30,000	
Accumulated Depreciation		500
Accounts Payable		4,000
Salaries Payable		120
Unearned Fees		1,875
Emily Page, Capital		60,000
Emily Page, Drawing	8,000	
Fees Earned		17,175
Salary Expense	1,720	
Supplies Expense	1,550	
Rent Expense	1,500	
Depreciation Expense	500	
Insurance Expense	175	
Miscellaneous Expense	750	
	83,670	83,670

Prob. 4–6A Continued

8.

BOTTOM LINE CONSULTING
Income Statement
For the Month Ended June 30, 2010

Fees earned		$17,175
Expenses:		
Salary expense	$1,720	
Supplies expense	1,550	
Rent expense	1,500	
Depreciation expense	500	
Insurance expense	175	
Miscellaneous expense	750	
Total expenses		6,195
Net income		$10,980

BOTTOM LINE CONSULTING
Statement of Owner's Equity
For the Month Ended June 30, 2010

Emily Page, capital, June 1, 2010		$ 0
Additional investments during the month		60,000
Total		$60,000
Net income for the month	$10,980	
Less withdrawals	8,000	
Increase in owner's equity		2,980
Emily Page, capital, June 30, 2010		$62,980

Prob. 4–6A   Continued

BOTTOM LINE CONSULTING
Balance Sheet
June 30, 2010

Assets			**Liabilities**		
Current assets:			Current liabilities:		
Cash	$26,500		Accounts payable	$4,000	
Accounts receivable	5,300		Salaries payable	120	
Supplies	2,000		Unearned fees	1,875	
Prepaid rent	3,750		Total liabilities		$ 5,995
Prepaid insurance	1,925				
Total current assets		$39,475			
Property, plant, and equipment:			**Owner's Equity**		
Office equipment	$30,000		Emily Page, capital		62,980
Less accum. depr.	500				
Total property, plant, and equipment		29,500			
Total assets		$68,975	Total liabilities and owner's equity		$68,975

Prob. 4–6A Concluded

9. **JOURNAL** Page 4

Date			Post. Ref.	Debit	Credit
		Closing Entries			
2010					
June	30	Fees Earned	41	17,175	
		Income Summary	33		17,175
	30	Income Summary	33	6,195	
		Salary Expense	51		1,720
		Rent Expense	52		1,500
		Supplies Expense	53		1,550
		Depreciation Expense	54		500
		Insurance Expense	55		175
		Miscellaneous Expense	59		750
	30	Income Summary	33	10,980	
		Emily Page, Capital	31		10,980
	30	Derrick Epstein, Capital	31	8,000	
		Emily Page, Drawing	32		8,000

10.

BOTTOM LINE CONSULTING
Post-Closing Trial Balance
June 30, 2010

	Debit Balances	Credit Balances
Cash	26,500	
Accounts Receivable	5,300	
Supplies	2,000	
Prepaid Rent	3,750	
Prepaid Insurance	1,925	
Office Equipment	30,000	
Accumulated Depreciation		500
Accounts Payable		4,000
Salaries Payable		120
Unearned Fees		1,875
Emily Page, Capital		62,980
	69,475	69,475